

SEPTEMBER 6, 2016

TO: HONORABLE MAYOR AND COUNCIL MEMBERS

FROM: INTERIM CITY MANAGER

SUBJECT: A REQUEST TO SCHEDULE A PUBLIC HEARING TO APPROVE AN ECONOMIC DEVELOPMENT SUBSIDY TO UNITED PARCEL SERVICE, INC. (SEPTEMBER 13, 2016 AT 5:35 PM)

SUMMARY

Staff is requesting that the City Council consider scheduling a public hearing to approve an economic development subsidy to United Parcel Service, Inc. for **Tuesday, September 13, 2016 at 5:35 P.M.**

BACKGROUND

The Brickyard Commerce center is a two building industrial development approved by the City in early 2015 and is presently nearing completion. Building 1 is located on the eastern portion of the site near the intersection of McKinley Street and Sam Littleton Avenue. Building 1 contains 525,400 square feet of floor space with access points from both McKinley Street and Rosecrans Avenue.

STATEMENT OF ISSUE

UPS is considering operating a package delivery center at the 59 acre “Brickyard” site, bounded by Sam Littleton Street to the north, Central Avenue to the east, Rosecrans Avenue to the south and McKinley Avenue to the west. The proposed incentive agreement would obligate UPS to: (1) hire a minimum of 50 Compton residents as net new full time equivalent employees at its facility, and (2) invest a minimum of \$70 million in capital expenditures in the City within five years from execution of the agreement. In exchange, the City of Compton would pay UPS the equivalent of 30 percent of sales and/or use taxes that UPS reports from this proposed location and remits on transactions and purchases sourced to the City for up to a ten (10) year period. UPS would also be obligated to comply with the Brickyard Development Agreement local hiring requirements.

California Government Code Section 53083 requires notice and a hearing to be held prior to approval of an economic development subsidy.

RECOMMENDATION

It is recommended that the City Council approve scheduling a hearing on September 13, 2016 at 5:35P.M.

JEROME G. GROOMES
INTERIM CITY MANAGER